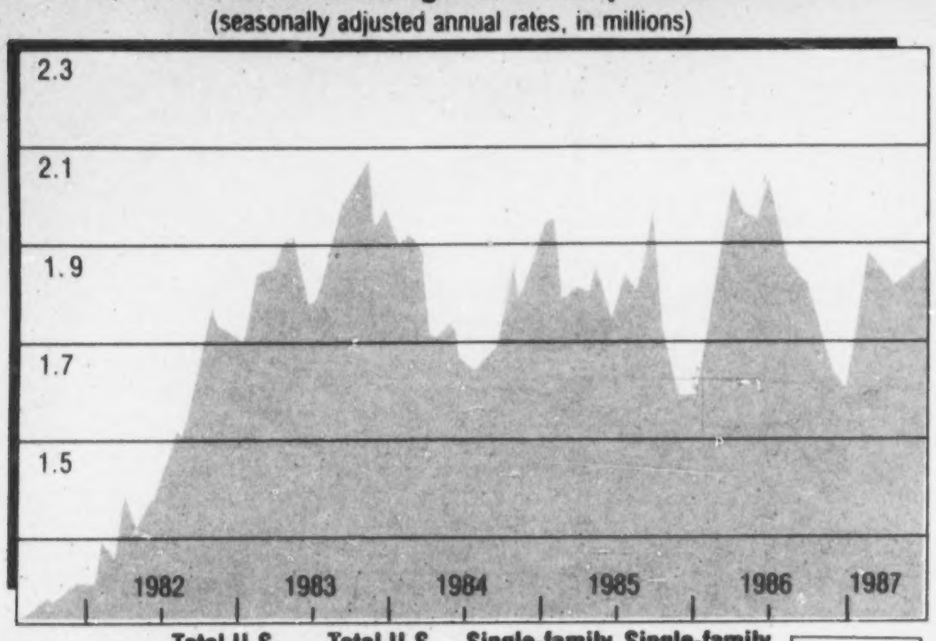
HOUSING WATCH

National housing starts and permits
(seasonally adjusted annual rates, in millions)

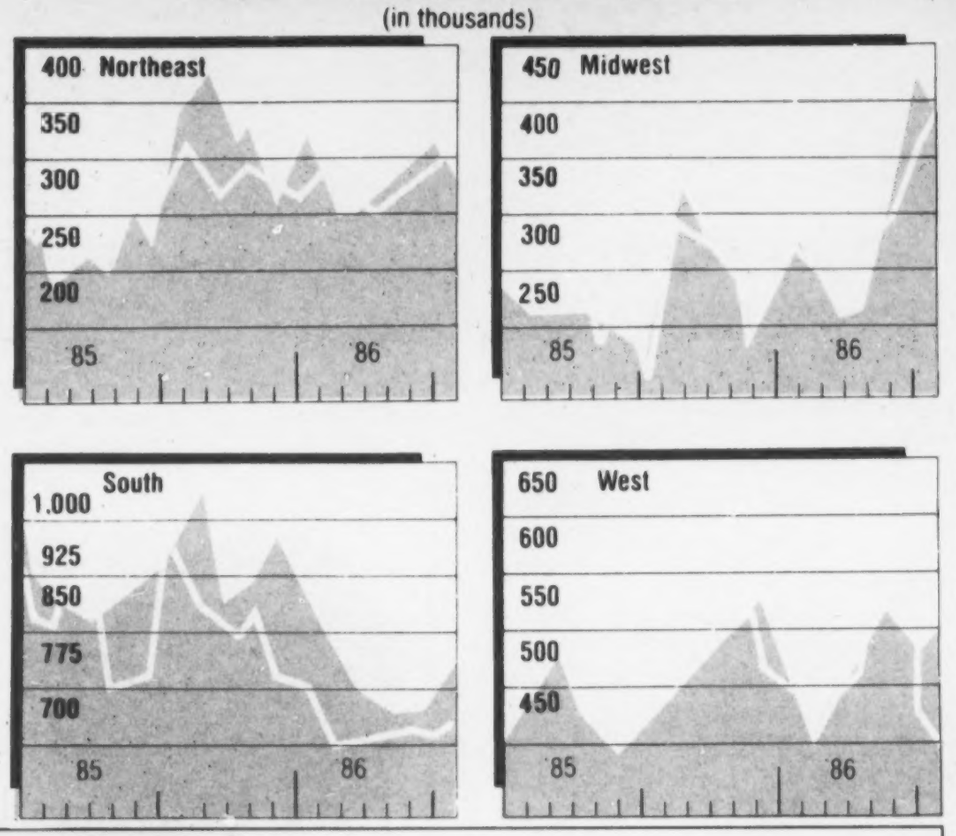


	Total U.S. starts	Total U.S. permits	Single-family starts	Single-family permits
Feb. '87	1,815	1,764	1,317	1,235
Jan. '87	1,804	1,690	1,247	1,091
Feb. '86	1,923	1,808	1,183	1,033

Key: Permits, Starts

Source: U.S. Commerce Department

Regional housing starts and permits
(in thousands)



Starts hit 1.8M units in February

NATIONAL REPORT — Housing starts continued their strong pace in February, rising 2.6% to a seasonally adjusted annual rate of 1.85 million units, the U.S. Commerce Department reported.

It was the third consecutive month that housing activity exceeded 1.8 million units.

At the same time, single-family starts surged 5.6% to 1.3 million units, the strongest showing since February 1984 when the pace hit 1.44 million units.

Compared to February 1986, total starts were down 3.7% and one-family starts were up 11.3%.

Permits up

Housing permits rose 4.4% in February to an annualized 1.76 million units, 2.4% below last year. And single-family permits jumped 13.2% in February, to 1.2 million units, up 19.6% from a year ago.

Dean Crist, research economist with the National Association of Home Builders, explained that the declines are due to very strong activity in early 1986 and to the current stalling of multi-family housing, especially in the rental sector.

Regional Housing
Feb. '87 (in thousands)

	starts	% chg.	permits	% chg.
Northeast	277	−13.2	353	+20.1
West	519	+ 8.1	405	− 7.3
South	662	+13.2	597	+ 4.7
Midwest	393	− 6.4	409	+ 5.1

n.c. = no change
Source: U.S. Commerce Department

Regionally, the outcome was mixed. Starts declined in the Northeast and Midwest but rose in the South and West.

The biggest gainer was the South, rising 13.2% from January, to 662,000 units, seasonally adjusted. But activity was down 14.4% from a year ago. Housing permits here edged up 4.7% to 597,000 units, but was off 19.7% from February 1986.

Starts were up in the West from both January and February 1986, but permits declined for the same period. Starts rose 8.1% to 519,000 units in February, up 4.2% from last February. Permits were down 7.3% from January and off 14.2% from a year ago.

Starts fell 13.2% in the Northeast in February, to 277,000 units, a 22.6% decline from February 1986. Permits, however, rose 20.1%, to 353,000 units, up 23% from a year ago.

Housing starts also fell in the Midwest in February. They were down 6.4% to 393,000 units, which was a 33.7% gain over February 1986. At the same time, housing permits rose 5.1% to an annualized 409,000 units, up 33.7% from last February.

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MERCHANDISING

Retailers letting computers help out in the kitchen

By Suzanne Floyd
NHCN staff editor

NATIONAL REPORT — Computer-aided kitchen design is gaining momentum among many retailers, but, some segments of the industry still have reservations.

Enthusiastically endorsed two years ago as a time- and labor-saving means of installing and designing, the new technology is just beginning to live up to its promise.

Lowe's, Payless Cashways, Pay 'N Pak, Channel, Wickes, and a number of smaller chains and independents have tested or are in the process of testing computer software. The companies will either stick with programs tested or develop their own.

Common advantages among available software programs include the ability to produce a computer-rendered floorplan, elevation, perspective drawing and price list — in a fraction of the time it would take to produce manually.

But, not all retailers have leaped aboard the computer bandwagon. Scotty's, Home Depot, and Hechinger are making no moves toward computer enhanced kitchen design.

The split in the industry was manifested by comments made by two New England-based dealers. Tom Gelinas, manager of kitchen and bath for East Coast Lumber, East Hempstead, N.H., has had the Auto Graph system in his stores for about a year. "The customers love it," he says. They feel that the computer is exact. I would say it has increased sales 15%."

A contrary viewpoint came from Bud Dempsey, vp-direct merchandise marketing for Somerville Lumber, Payless Cashways' subsidiary in Massachusetts, who said, "We haven't gotten involved yet. We wouldn't be able to tie it in to our present system."

Dempsey added "We've been looking at [kitchen design programs] for about 15 years."

Butch Robertson, manager of the decorating center for Snow Lumber, High Point N.C., has a similar view. "We have been designing kitchens for about 10 years. We don't know that we want to pursue it [computer-aided design] at this time."

Some managers resist because of problems training personnel. Don Bauer, kitchen and bath buyer for Busy Beaver in Pittsburgh explained, "They were afraid at first. It took a lot of one-on-one training. The fear of the computer lessened after six weeks. Once they got into it more they realized what an aid it is. It adds a touch of professionalism." Busy Beaver has installed the Triangle Pacific system.

East Coast Lumber's Gelinas makes an additional point. "The employees prefer it because it keeps a good file."

While there are a number of software manufacturers to select from, the differences between them vary.

Deciding on a system usually involves evaluation of cost, compatibility with existing computers and individual preferences.

One feature generally shared by most systems is the ability to produce price quotes for a number of cabinet styles or manufacturers. One exception is Triangle Pacific, a Dallas based manufacturer of both cabinets and computer software. The software is limited to Triangle Pacific cabinets. It is, however, the program of choice for Payless Cashways, Kansas City, Mo., Lowe's, North Wilkesboro, N.C., and Busy Beaver.

Other programs can include as many as 30 cabinet styles for the same number of manufacturers.

In addition to companies such as Triangle Pacific, Auto Graph of California, and Twenty Twenty of Canada which have nationwide sales support, there are a number of smaller, regional software vendors. These include Golden Ware of Arizona, Integrated Computer Graphics of Georgia, and RPM Software Systems of Michigan.

Group adopts a standard

The National Kitchen and Bath Association has received attention lately for endorsing an industry standard for kitchen design software. Deputy Executive Director Francis Jones acknowledged, "We have received bad press regarding the association making an endorsement. It will prove itself in the long run."

The NKBA has selected Twenty Twenty of Quebec, as the industry standard. "We've been looking for about two and a half years. An ad hoc committee was appointed to review software programs."

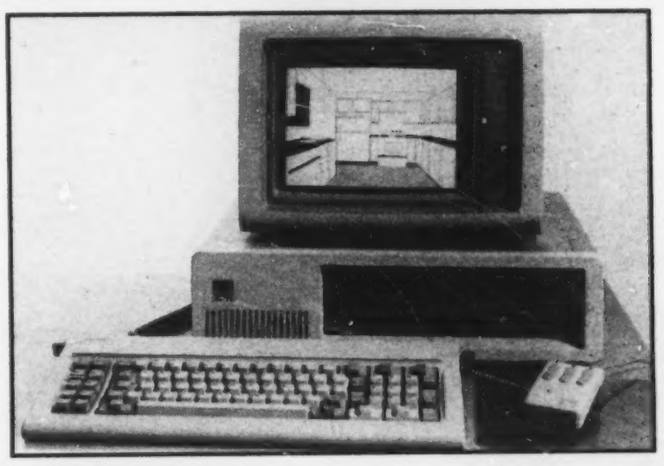
Jones did not know how many programs were reviewed before the Twenty Twenty software was selected.

In accordance with the endorsement, Michel Letreille, vp merchandising for Twenty Twenty said that NKBA members receive a 10% discount on the software, while in return Twenty Twenty pays the NKBA 10% of domestic sales.

Computer Design Systems for Kitchens

System	Features	Date of first installation	Number of installations	Cost of software	Cost of Hardware/ Compatibility
Auto Graph Computerized Designing System Los Angeles	Menu driven by "mouse." Detailed graphics.	1985	250	$2,995	$3,700/ Mc Intosh (Apple)
Computerized Cabinetry Boca Raton, Fla.	Uses sizes and styles of cabinets rather than kitchen dimensions.	1981	350	$495	NA/ Apple, IBM
Design Plus York, Pa.	Offers service. User sends completed design to vendor.	1981	3,500 subscribers	$250 subscription	NA/NA
Golden Ware Inc. Mesa, Ariz.	Mainly for cabinet makers and specialty stores.	1983	NA	$695 to $2,495	NA/IBM
Graphic 100 Nashua, N.H.	User may enter either room size or style of cabinets.	1978	200-250	$1,795	NA/Apple II, IBM pc
Integrated Computer Graphics Atlanta	Offers speed and detailed graphics. Used only at Wickes.	1984	14	$500 per month	$1,400/ Hewlett Packard
RPM Software Systems Detroit, Mich.	Commands in English. 37 categories of specs.	1984	50	$6,000 to $7,000 (package cost)	NA/ IBM, Texas Instruments
Triad Systems Sunnyvale, Calif.	Contract with Twenty Twenty—uses kitchen software as an adjunct to P.O.S. and accounting systems.	1986	20	Approx. $3,300	$6,000 to $9,000/IBM
Triangle Pacific Dallas	Usable only with Tri Pac cabinets; designs good-better-best kitchens.	1986	250-300	Free	$12,000/ IBM
Twenty Twenty Quebec	Menu driven. Will quote a kitchen in up to 20 styles.	1985	250	$2,750	$7,166/IBM

Source: *NHCN* Research



Kitchen design software from Triad Systems runs on an IBM PC and can be operated by a 'mouse' device or by the standard keyboard.

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Sincerely,

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